

Message Text

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11

ACTION EB-03

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FM AMEMBASSY MANILA

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C O N F I D E N T I A L MANILA 13369

LIMDIS

E.O. 11652: GDS

TAGS: ETARD, EAGR, RP

SUBJECT: SUGAR

REF: A MANILA 12678 B. STATE 229930 C. STATE A-9355

D. FASTO CIRCULAR 289

1. IN REF A, I EXPRESSED MY CONCERN ABOUT APPARENT LACK OF STATE-AGRICULTURE COORDINATION RE FOREIGN POLICY ASPECTS OF U.S. SUGAR POLICY. IN REF B, DEPARTMENT BEMOANED MY IGNORANCE OF INTRICACIES OF U.S. SUGAR ACT, ASSURED ME THAT "USDA AND STATE ... ENJOYED CLOSE AND EXTENSIVE COMMUNICATIONS," GAVE AN AVUNCULAR NOD TO PHILIPPINE INTERESTS IN U.S. SUGAR POLICY, AND COUNSELED FORBEARANCE THROUGH THE "PAINFUL" PERIOD OF 1974 WHILE POLICY BEING REVIEWED.

2. I MIGHT HAVE BEEN PREPARED, INGENUOUSLY, TO ACCEPT TUTORIAL TENOR OF THIS COUNSEL IF IT WERE NOT FOR THE INTERVENING RECEIPT OF REFS C AND C, WHICH MADE PAINFULLY CLEAR THE CORRECTNESS OF MY ASSUMPTION THAT THERE EXISTS A CONTINUING COORDINATION PROBLEM IN THE WASHINGTON SUGAR COMMUNITY. MOREOVER, THE COUNSEL IN REF B ESSENTIALLY MISSES THE POINT OF MY WHOLE COMPLAINT.

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3. IN ORDER TO BE MORE EXPLICIT, LET ME SUGGEST THE SORT OF BUREAUCRATIC WORK THAT SHOULD HAVE BEEN DONE IN RECENT PAST. (A) USDA SHOULD HAVE GIVEN ADVANCE COPY OF CALCAGNINI SPEECH TO STATE. (B) STATE AND USDA SHOULD HAVE INFORMED EMBASSIES IN MAJOR SUGAR-PRODUCING COUNTRIES OF PROPOSED SPEECH IN ADVANCE. (C) EMBASSIES SHOULD HAVE BEEN GIVEN GUIDANCE IN EXPLANATION OF SPEECH. (D) EMBASSIES SHOULD HAVE BEEN GIVEN OPPORTUNITY TO COMMENT, AND REPORT PREDICTABLE REACTIONS IN HOST COUNTRIES.

4. THAT IS ALL RATHER FUNDAMENTAL EGG-SUCKING, OF A TYPE WHICH WE ARE ENTITLED TO EXPECT AS A MATTER OF COURSE, AND NOT HAVE TO PLEAD FOR. HOWEVER, IN CASE OF PHILIPPINES, THIS WHOLE MATTER ASSUMES SPECIAL URGENCY. WE ARE ENGAGED IN DISCUSSION OF LAUREL-LANGLEY TERMINATION, WHICH WILL OCCUR IN JULY, 1974. THE FUTURE OF THE SUGAR QUOTA CURRENTLY GUARANTEED BY THE AGREEMENT WILL BE OF CENTRAL CONCERN TO THESE NEGOTIATIONS. IF THE FLOOR UNDER THIS QUOTA IS ABOLISHED, WHILE THE QUOTA SYSTEM REMAINS, WE HAVE ONE TYPE OF PROBLEM. IF THE WHOLE SYSTEM IS ABOLISHED, WE HAVE ANOTHER TYPE OF PROBLEM. WHILE IT IS ALL VERY WELL TO STATE THAT "CONGRESS HAS THE FINAL WORD," IT IS NEVERTHELESS NECESSARY FOR THE EXECUTIVE BRANCH TO SPEAK WITH A SINGLE VOICE. I HAVE YET TO DISCOVER WHAT THAT VOICE IS, AND WHAT IT WISHES TO SAY.

5. ALTHOUGH IT IS TRUE THAT U.S.-PHIL RELATIONS WILL BE "ONLY ONE" INPUT IN MAKING THAT VOICE COHERENT, IT SHOULD BE APPRECIATED MORE THAN IS APPARENT FOR THIS PERSPECTIVE THAT PHILIPPINE SHARE IN U.S. IMPORTS IS FAR AND AWAY THE LARGEST SINGLE SHARE, AND THAT PHILIPPINE SALES OF SUGAR TO U.S. CONSTITUTE THEIR LARGEST SINGLE TRADE COMPONENT WITH OUR MARKET. IF THIS PATTERN IS TREATED CAVALIERLY, AND IF, FOR EXAMPLE, THE QUOTA SYSTEM IS ARBITRARILY ABANDONED WITH NO SPECIAL PROVISION FOR THE PHILIPPINES, THE RESULTS ARE UNPREDICTABLE. THE PHILIPPINE SUGAR INDUSTRY MIGHT DECIDE TO ACCEPT JAPANESE FINANCING FOR NEW MILLS (OR

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EVEN REFINERIES) AND TIE ITSELF INTO SUPPLYING THE JAPANESE MARKET, AS ITS FIRST (AND MORE NATURAL) PRIORITY. THIS COULD CONCEIVABLY CAUSE THE U.S. TO FIND ITSELF IN A POSITION OF DEPENDENCE ON CUBA, AND MAKE THE ETIQUETTE OF THE CURRENT ARAB OIL BLACKMAIL LOOK GENTEEL.

6. IN SHORT, THERE ARE BOTH U.S. AND PHILIPPINE

INTERESTS AT STAKE IN THESE MATTERS WHICH REQUIRE SOME
SUBSTANTIVE DIALOGUE WITH MANILA. THEY CAN NOT RPT NOT
BE DECIDED IN SPLENDID ISOLATION IN WASHINGTON. TO
QUOTE A FILIPINO COLUMNIST IN THE NOVEMBER 28 MORNING
PRESS:

"SUMMING UP, I WISH THAT THE IMPORTANCE OF THE
POSITION THAT OUR SUGAR INDUSTRY OCCUPIES IN OUR
ECONOMIC SCHEME OF THINGS WERE MATCHED BY THE
ATTACHMENT OF HIGH VALUE OF ENLIGHTENED PUBLIC
DISCUSSION OF ITS PROSPECTS. TO DISCUSS SUCH
PROSPECTS ONLY IN TERMS OF THAT WHICH IS EASILY
DISCERNIBLE, WITHOUT REFERENCE TO OTHER RELEVANT
BUT LESS OBVIOUS FACTORS, IS NOT TO PARTAKE OF
ENLIGHTENMENT. IT IS TO ENGAGE IN LOOSE TALK."

UNTIL I FEEL THERE IS A SATISFACTORY HANDLE ON THIS
SUBJECT, I INTEND TO CONTINUE TO CONSTRUCTIVE
HARRASSMENT OF WASHINGTON AGENCIES, WITH APPROPRIATE
QUOTAS ASSIGNED TO ALL BUREAUCRATIC CONSUMERS.
SULLIVAN

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